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TALKING POINTS FOR THE DCI

Mexico: Economic Crisis and Political Uncertainty*revolutionary*

The poor showing by the Institutional Ruling Party (PRI) in the 6 July elections was, in part, a reflection of deep popular dissatisfaction with Mexico's continuing economic decline.

- Since 1982, real wages have fallen by 42 percent, unemployment increased 18 percent, and inflation averaged 82 percent.
- The need to service annual interest payments of \$8.9 billion on an international debt of \$100 billion forced the ruling party to cut spending sharply on social services, patronage, and perquisites.
- The imposition of strong austerity measures last year was widely unpopular because of wage and price freezes.

These economic difficulties fueled already high levels of public discontent with the PRI, which, over the past decade, had become increasingly unresponsive to its traditional worker/peasant political base.

- The emergence for the first time of a leftist political coalition behind a populist leader, Cuauhtemoc Cardenas, rallied voters to the opposition camp.

Carlos Salinas was declared the victor with a slim majority, but he will assume office in a more politically vulnerable position than any president in modern Mexican history.

- He faces continuing opposition legal challenges between now and mid-September when the PRI plans to force through ratification of his victory in the Electoral College.
- He will have to reunite a party unaccustomed to political defeat, dubious of his leadership abilities, and unhappy with his determination to continue with economic austerity.

In order to deflect leftist criticism and undercut public perceptions that he is close to the United States, Salinas may feel the need to establish some political distance from Washington.

- This could take the form of a more confrontational stance on debt renegotiation and possibly over bilateral foreign policy and narcotics issues as well.

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